

Service Date: June 11, 1990

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER Of The Application)	
Of U S WEST COMMUNICATIONS for Au-)	UTILITY DIVISION
thority To Add Digital Switched)	DOCKET NO. 90.5.32
Service To Its Montana Tariff.)	INTERIM ORDER NO. 5477
_____)	

FINDINGS OF FACT

On May 15, 1990, U S West Communications (USWC or Company) filed tariffs requesting approval of Digital Switched Service (DSS) tariffs, proposing to price some DSS service on a case-by-case basis. Additionally, USWC proposes tariffing stabilized DSS rates which would fix DSS rates for a period of three or five years. USWC also proposes to eliminate the current 100 number minimum for Direct Inward Dial (DID) Service.

USWC's DSS service is capable of providing digital exchange service for PBX customers. The service includes a DS1 channel facility, common equipment, local exchange switching and flat rated trunks for access to the local and toll networks. USWC is proposing rates and charges for "basic" DSS configurations, and contracted rates for "advanced" DSS configurations. Generally, DSS configurations using fiber are considered to be advanced configurations. USWC indicates that it is appropriate to price advanced DSS configurations on an individual case-by-case basis because the cost of advanced e.g., fiber optic, installations will vary depending upon the individual service configuration. USWC indicates that the current 100 number minimum for DID service no longer serves any useful purpose.

The Commission approves USWC's proposal to eliminate the 100 number minimum for DID service on an interim basis. The Commission also approves USWC's proposal to tariff DSS service on an interim basis.

The Commission specifically denies USWC's proposal to tariff a DSS rate stability plan (Section 15.1, part 3). The Commission Finds that the underlying incremental cost of service study, upon which these rates are based, has not been accepted by this Commission. Additionally, the Commission finds USWC's proposed "3 and 5 year rate stability options" are inconsistent with traditional ratemaking principles and contrary to public policy. See generally Sections 69-3-301, 69-3-302, 69-3-305, 69-3-321 and 69-3-324, MCA, and MPSC Order No. 5434a, TECOM Docket No. 89.11.41. The Commission has the statutory power to investigate the reasonableness of utility rates at any time, either on its own initiative or upon request of customer or other interested party. A utility itself may also request a rate increase, pursuant to applicable laws and regulations, from the Commission at any time. The proposed "rate stability options" are inconsistent with these statutory powers and obligations of the Commission.

It is important to note that the tariffs being approved on an interim basis herein do not include specific rates for all DSS services. USWC maintains that certain DSS rates must be developed on a customer specific basis. Section 69-3-301, MCA, clearly requires that public utility schedules filed with the Commission must show all "rates, tolls and charges" established and in force. In order to comply with this statute, USWC shall be required to submit any proposal for advanced DSS services priced on an individual case basis for thorough PSC review. DSS services priced on a case-by-case basis may not be offered by USWC until and unless such proposed rates are formally approved by the Commission. Only after such approval, may the services be provided. All such rates shall be filed with the Commission and open to public inspection.

CONCLUSIONS OF LAW

USWC furnishes regulated telecommunications service within the State of Montana and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission pursuant to Section 69-3-101, MCA. The Commission has authority to supervise, regulate, and control public utilities. Section 69-3-102, MCA.

The Commission has provided adequate public notice and an opportunity to be heard herein, pursuant to the Montana Administrative Procedure Act and Title 69 of the Montana Code Annotated.

The Commission may approve this filing on an interim basis, pursuant to Section 69-3-304, MCA, and any rates or charges assessed by USWC following Commission approval, are subject to the rebate and surcharge provisions (including interest) of that section.

The tariff approved herein contains rates, regulations and service provisions which are just and reasonable. Section 69-3-201, MCA. However, the terms and conditions of any proposed advanced DSS service arrangement priced on an individual case basis using fiber between USWC and a customer, including rates and charges, must be reviewed and approved by the Commission before any such service is provided to a customer within Montana. Section 69-3-301 and 69-3-302 MCA.

ORDER

USWC's DID and DSS tariffs are hereby APPROVED on an interim basis. USWC's DSS Rate Stability Plan is hereby DENIED.

This docket shall be consolidated into the next USWC general rate case.

DONE IN OPEN SESSION at Helena, Montana this 5th day of June, 1990 by a 3 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision.
A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.